



PO Box 1749
Halifax, Nova Scotia
B3J 3A5, Canada

Item No. 9.1
Halifax Regional Council
November 17, 2009
December 8, 2009

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Krista Tidwell
for Councillor Russell Walker, Chair, HRM Grants Committee

DATE: November 4, 2009

SUBJECT: Property Matter: Less than Market Value Sale, 1247 Bedford Highway, Bedford - Alrasoul Islamic Society

ORIGIN

HRM Grants Committee meeting of November 2, 2009.

RECOMMENDATION

It is recommended that Halifax Regional Council:

- 1. Enter into an Agreement of Purchase and Sale whereby the property located at 1247 Bedford Highway, Bedford, be conveyed to the Alrasoul Islamic Society Centre at less than market value for the sum of \$375,000, plus all associated costs as per the terms and conditions set out in the report; and**
- 2. Set a date for a public hearing.**

BACKGROUND

The HRM Grants Committee discussed the matter, as outlined in the staff report dated September 1, 2009, at their November 2, 2009 meeting.

DISCUSSION

The HRM Grants Committee approved the recommendation provided in the September 1, 2009 staff report.

BUDGET IMPLICATIONS

As per the attached staff report dated September 1, 2009.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

As per the attached staff report dated September 1, 2009.

ATTACHMENTS

1. Staff Report dated September 1, 2009.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210 or Fax 490-4208

Report Prepared By: Krista Tidgwell, Legislative Assistant



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Attachment 1

HRM Grants Committee
November 2, 2009

TO: Chair and Members HRM Grants Committee

SUBMITTED BY:

A handwritten signature in black ink, appearing to read "Paul Dunphy".

Paul Dunphy, Director, Community Development

DATE: September 1, 2009

SUBJECT: Property Matter: Less than Market Value Sale, 1247 Bedford Highway, Bedford - Alrasoul Islamic Society

ORIGIN

February 19, 2008. Regional Council rejected a market value offer of \$575,000 citing interest from the community to retain public access to the property for community members. Council directed staff to consult with the Bedford community re: concerns with respect to use of the former fire station.

May 5, 2009. HRM Community Development presented findings of community survey and recommended that Regional Council issue a call for Expressions of Interest (EOI) for the purchase and re-development of the property.

EOI issued July, 2009. As of August 28, 2009, there was one proponent.

RECOMMENDATION

It is recommended that the HRM Grants Committee recommend that Regional Council:

1. Enter into an Agreement of Purchase and Sale whereby the property located at 1247 Bedford Highway, Bedford, be conveyed to the Alrasoul Islamic Society Centre at less than market value for the sum of \$375,000, plus all associated costs as per the terms and conditions set out in this report; and
2. Set a date for a public hearing.

BACKGROUND

The Halifax Regional Municipality Charter (2008) allows for the sale of municipal property at less than market value to a non-profit organization. The sale must be approved by a two-thirds majority of Regional Council present and voting at a public hearing. Section 109 of the Municipal Government Act (1998) gives municipalities the discretionary authority to exempt a charity from payment of deed transfer tax (calculated as 1.5% of the sale price).

In July, 2009, HRM issued an Expression of Interest (EOI) to solicit an offer to purchase the property located at 1247 Bedford Highway, Bedford. As of the initial date of closing, Friday, July 31, 2009, there were no offers received. To ensure that community groups unfamiliar with notices in the tenders section of the newspaper were aware of the opportunity, the EOI was re-issued with a new closing date. As of Friday, August 28, 2009, the Expression of Interest received only one proposal: the Alrasoul Islamic Society. The low response rate to the EOI is believed to be the result of HRM's preference for a non-profit proponent, a commitment to provide community access, and some constraints unique to the site (eg. limited parking and heavy traffic volume on the Bedford Highway)¹.

1. Subject Property and Market Value:

In June, 2007, the property was deemed surplus to municipal operations and listed in November, 2007, with Cushman & Wakefield LePage at \$575,000. In February, 2008, Regional Council declined a market offer of \$575,000 from a private party citing community interest in retaining public access to the facility.

2. Property Zoning and Land Use By-law

The proponent's proposed use conforms to the current zoning of SI, Institutional. Any change in use must conform to the current zoning. The parking provisions set out in the land use bylaw would not apply for any change in use (eg. expansion, new construction etc).

3. Proponent's Offer and Intended Use

The Alrasoul Islamic Society formed in 2001 for the purpose of assisting new and established members of the Islamic faith. The activities of the society include religious education and observance, referrals for Islamic immigrants, opportunities for social gatherings, and the preservation and development of Islamic culture. Members and participants are of different nationalities. For example, Iranian, Pakistani, Lebanese, and Saudi.

¹ To enhance the awareness of non-profit groups staff suggest that property opportunities solicited through a Request For Proposals of Expression of Interest also be advertised in the Community Notices section of the newspaper.

As stated in the proponent's submission, the society's operating and capital costs are funded by the Cresco group of companies. The current President and Vice-President of Alrasoul, both of whom are principals of Cresco, have provided personal guarantees to the society to secure any mortgage or borrowing requirements related to this property acquisition. Staff from Community Development and Real Property scored the proponent based on the criteria set out in the EOI. Given that the Cresco group of companies includes construction, development, and investment holdings, staff believe the proponent has the requisite skills and experience to independently operate the facility and secure operating and capital funding.

The society propose to retain for its exclusive use the main floor accessed from the street level entrance facing the Bedford Highway. The upper level, lower level, and mezzanine would be made available to "....other community non-profit groups for a nominal fee, except when required for the society's religious and/or holiday functions". The society envisions "....regular and diverse use of the available spaces for the community of Bedford". Further, the proponent states: "Aspects of cultural diversity are sometimes misunderstood and not fully appreciated by the community. We believe that by having the Alrasoul Islamic Society organizing its activities in a shared space with other culturally diverse groups will lead to a more closely knit multicultural network".

DISCUSSION

Summary of Proposed terms and Conditions of Sale:

In 2008, Regional Council rejected a market value offer of \$575,000. Therefore, if the society's offer of \$350,000 is accepted HRM's potential revenue is decreased by \$200,000. However, the staff report of April, 2009, indicates that ~\$110,000 in capital repairs will be required over the next one to three years. Specifically, oil tank replacement, chimney and foundation repairs, window replacement, and roof replacement. Taking into consideration the building condition and the society's commitment to create and maintain access for local community groups, the offer of \$375,000 seems reasonable.

| Summary of Key Terms and Conditions (Proposed) | |
|---|-------------------------------|
| Civic Address | 1247 Bedford Highway, Bedford |
| Zoning | SI, Institutional Zone |
| Market Value | \$475,000-\$522,500 |
| Proposed Sale Price | \$375,000 |

| | |
|------------------------------|---|
| Specific Conditions | The purpose of the in-kind contribution shall be for the development of an Islamic cultural centre with community access. A Buy-Back Agreement shall provide HRM with the right of first refusal should the society cease operations, a substantive change in use, or elect to sell the property at a later date. Application for assistance with property tax shall be made by separate application to By-law T-200. |
| Closing Date | Fall, 2009. |
| Cost of Sale Recovery | The purchaser shall pay all costs associated with this sale including HRM's (eg. deed registration, legal fees, survey, appraisal, environmental assessment) |

Proposal Analysis:

The staff review assessed the proponent's ability to operate the facility for the intended use and specific conditions set out in the purchase offer:

"1. This agreement is subject to HRM at their expense having a Phase 1 environmental audit of the property and premises conducted by September 25, 2009. If within that time the Alrasoul Islamic Society upon receiving results of the audit from HRM makes an objection which HRM is unable or unwilling to remedy and which the buyer will not waive, this agreement shall be null and void and the deposit shall be returned to the Alrasoul Islamic Society without interest or penalty and without liability to the Alrasoul Islamic Society for any expenses incurred or damage incurred by HRM."

The proponent agreed to undertake an environmental assessment as part of their due diligence, at their own cost, to expedite the sale process. HRM accepts that the proponent may revoke or amend their offer based on the findings of an environmental assessment.

"2. Should HRM desire to sell the adjacent public parking lot at any time in the future the Alrasoul Islamic Society will be given the right of first refusal to purchase it"

Staff do not oppose consideration of the right of first refusal given that the parking lot is an abutting property and could be consolidated to enhance service to facility users. HRM has not, however, donated or discounted public property for private parking.

Staff recommend that any consideration for the right of first refusal to acquire the HRM-owned land located at 1247, Bedford Highway, shall be conditional upon (1) the property is

deemed to be surplus to municipal operational requirements², (2) that the sale shall be at market value, and (3) the land shall be consolidated with the property located at 1247 Bedford Highway.

"3. Securing the use of the upper and lower level spaces may be done through the LeBrun Centre to ensure coordination, knowledge and consistency for community groups, if desired, to do so. If not, the bookings and coordination will be done through a central point in the community".

HRM Community Recreation is unable to commit to providing booking services for the Association, in part due to concerns regarding equity (the sheer volume of community-owned venues who do not receive this service), maintenance standards, and liability issues. Recreation can commit to assisting the new owner with setting up an automated or manual booking system, advertising, technical advise on maintenance standards, rental contracts, and rental rates.

4. The Alsraroul Islamic Society shall upgrade and maintain the interior and exterior of the property to reasonable community standards".

HRM are in full agreement.

BUDGET IMPLICATIONS

Using the market value offer of \$575,000, a sale price of \$375,000 would decrease HRM's potential revenue by \$200,000. Proceeds from the sale shall be credited to the Sale of Land Account (Q101).

Under HRM's ownership the property was not assessed for real property tax. A property sale will trigger a Commercial assessment based on use. The owner may apply for assistance under By-law T-200.

Budget Summary: Q101 Sale of Land Reserve Balance

Projected Balance March 31, 2010. \$261,529

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

² The term "operational requirements" is not restricted to on-site service delivery at this specific location and could include a land exchange so as to obtain property needed for municipal operations.

ALTERNATIVES

The HRM Grants Committee could overturn staff's recommendation and recommend a market value sale.

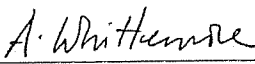
This option is not recommended: Regional Council has already rejected a market value offer. The society's offer, albeit \$200,000 less than a market value sale, is within \$100,000 of the low end of the market value range (\$475,000-\$522,500) cited in the staff report of February 19, 2008. In the opinion of staff, there has been ample opportunity for other non-profit organizations to submit a proposal.


ATTACHMENTS

- A. Property Map and Legal Description
- B. Property Pictures

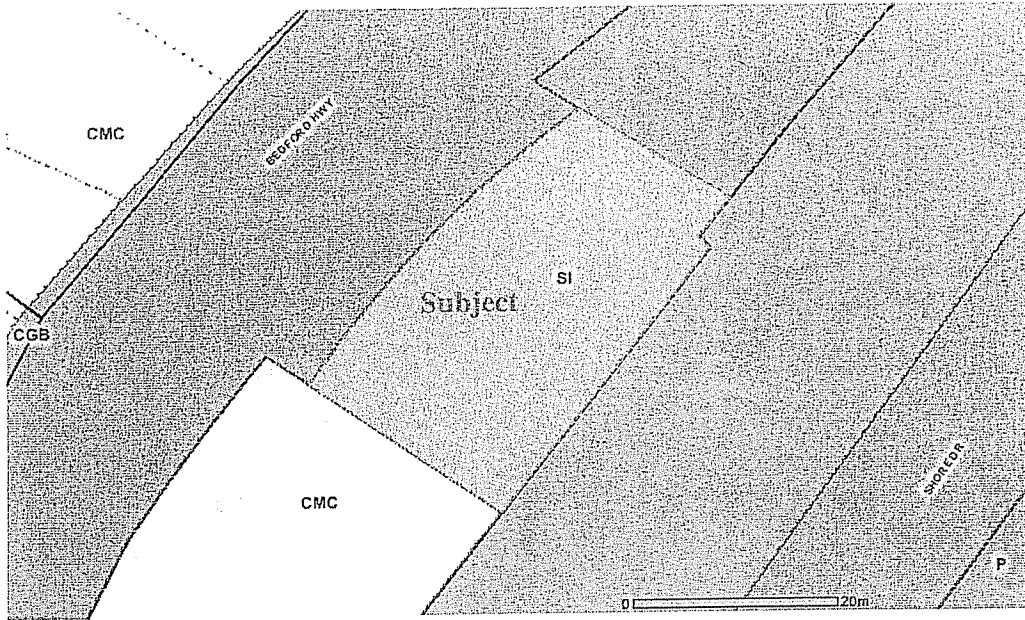
A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Peta-Jane Temple, Team Lead, Grants & Contributions, Community Development 490-5469;
Carla Thistle, Real Estate Officer, Transportation & Public Works

Report Approved by: 
Andrew Whittemore, Manager, Community Relations & Cultural Affairs, 490-1585

Report Approved by: 
Peter Stickings, Manager, Real Property, Transportation & Public Works, 490-6030

ATTACHMENT "A"
1247 Bedford Highway, Bedford
Property Map & Legal Description



ALL that certain lot, piece, or parcel of land, situate, lying and being in the Village of Bedford, Halifax, County, Nova Scotia, and more particularly bounded and described as follows:

BEGINNING at the point of intersection of the boundary between the lands now in the name of Her Majesty the Queen in the right of Her Province of Nova Scotia, and those now or formerly of Albert Wisdom with the southeasterly boundary of #1 and #2 Highways leading from Halifax to Bedford and 50' perpendicularly distant from the centre line thereof;

THENCE in an easterly direction and parallel to the said centre line, a distance of 120', more or less, to the easterly boundary of the said property now owned by Her Majesty the Queen, in the right of Her Province of Nova Scotia;

THENCE in a southeasterly direction following the last mentioned boundary, a distance of 62', more or less, or until it meets the northwesterly boundary of the Canadian National Railways Right-of-Way;

THENCE in a southwesterly direction, following the said Canadian National Railways Right-of-Way, a distance of 122', more or less, or until it meets the aforesaid boundary, between the aforesaid lands of Her Majesty the Queen and those now or formerly of Albert Wisdom;

THENCE in a northwesterly direction, following the last mentioned boundary, a distance of 82', more or less, to the point of beginning, as shown outlined in red on the attached plan and contains 0.20 acres, a little more or less.

BEING AND INTENDED TO BE all that lot of land conveyed by deed recorded at the Registry of Deeds at Halifax, Nova Scotia, in Book 1724 at Page 754.

ATTACHMENT "B"
1247 Bedford Highway, Bedford
Property Pictures

